



Defense Security Cooperation Agency
NEWS RELEASE

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Strategic Airlift Capability - C-17 GLOBEMASTER III Aircraft

WASHINGTON, May 9, 2008 – The Defense Security Cooperation Agency notified Congress of a possible Foreign Military Sale to the Strategic Airlift Capability of C-17 GLOBEMASTER III Aircraft as well as associated equipment and services. The total value, if all options are exercised, could be as high as \$700 million.

An international consortium made up of allies in the North Atlantic Treaty Organization (NATO) together with Sweden and Finland, the Strategic Airlift Capability (SAC) requests a possible sale of two Boeing C-17 GLOBEMASTER III aircraft, four Turbofan F117-PW-100 engines installed on each aircraft (8 total engines), AN/ALE-47 Counter-Measures Dispensing System (CMDS), AN/AAR-47 Missile Warning System, Government Furnished Equipment, spare and repairs parts, pyrotechnics, flares, other explosives, Global Positioning System security devices, crew armor, mission planning system software, COMSEC equipment and support, supply support, training equipment and support, publications and technical data, U.S. Government and contractor technical assistance and other related elements of logistics support. The estimated cost is \$700 million.

The new NATO Airlift Management Organization (NAMO) will purchase, own, and manage the aircraft. A multinational military unit to be named the Heavy Airlift Wing (HAW) will conduct airlift operations

This proposed sale will contribute to the foreign policy and national security objectives of the United States by improving the military capabilities of NATO and further weapon system standardization and interoperability with U.S. forces. NATO is transitioning to an expanded global role, increasing the share of its burden in the Global War on Terrorism, specifically for out-of-area operations. NATO allies have agreed to increase the capability, usability, and deployability of their forces, transforming them from their Cold War territorial defense roles. This expanded role includes peacekeeping and stability operations, as well as disaster relief around the globe. The C-17 will partially serve NATO's agreed military requirement for eight C-17 equivalents to rapidly deploy a force around the globe, including the NATO Response Force (NRF). Furthermore, member nations will be able to execute strategic airlift missions in support of national objectives, or to fulfill national contributions to multi-nation missions. This capability provides consortium member nations with an organic capability that complements global reach efforts supported by the U.S. Air Force.

NATO does not currently have a heavy airlift capability and must rely on outside sources for its military airlift needs. This assistance normally takes the form of either U.S. Air Force airlift or contract carriers that use Russian heavy airlift aircraft. The procurement of C-17s will increase interoperability with the U.S. Air Force airlift system and will enhance relationships with SAC members.

NATO has the ability to absorb and employ the C-17. It has agreed to pursue basing the C-17s at Papa Air Base, in Hungary, further adding to the synergies of operating side-by-side with NATO allies. Papa AB has already undergone significant NATO-funded infrastructure upgrades required to support operation of C-17s and other large aircraft, and this capability will qualify Papa AB for further NATO Security Investment program funding.

The proposed sale of this equipment and support will not affect the basic military balance in the region.

This proposed sale will involve the following contractors:

Boeing Company
United Technologies Cooperation,
Pratt & Whitney Military Engines

Long Beach, California
East Hartford, Connecticut

Additional subcontractors may be needed depending on the exact nature of the contracting arrangements established. At this time, there are no known offset agreements proposed in connection with this potential sale.

This proposed sale will require Boeing to establish a facility at Papa AB to provide C-17 logistics support under the current GLOBEMASTER Support Partnership. The proposed plan will require approximately 7 of the personnel to be US citizens and 7 personnel to be local hires. Approximately 50 United States Air Force personnel will be stationed with the SAC HAW at Papa AB, Hungary. Implementation of this proposed sale will require the participation of up to 10 each U.S. Government and contractor representatives for annual program management and technical reviews in Europe or the US for a period of approximately two weeks per review.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

This notice of a potential sale is required by law; it does not mean that the sale has been concluded.